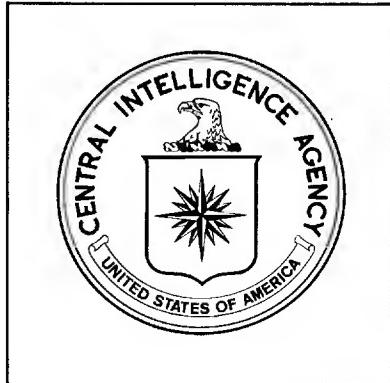


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SECRET**LATIN AMERICAN TRENDS**

This publication is prepared for regional specialists in the Washington community by the Western Hemisphere Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Chile: Frei Criticism Tests Junta's Tolerance

In his first public interview since the military coup, former President Eduardo Frei strongly attacked the government's economic policies in an apparent attempt to probe the acceptable limits of dissent. While junta member and air force commander General Gustavo Leigh retorted with a thinly veiled but sharply worded blast at Frei and "demagogic politicians," the government avoided a confrontation course with the prominent Christian Democratic Party leader.

The widely circulated newsweekly Ercilla, a supporter of the Christian Democrats, carried the article in which Frei disagreed with the government's economic recovery program and argued that greater reliance on the free market mechanism at a time of severe economic difficulty will only worsen the country's situation. Frei did not spell out any clear solution of his own but suggested that state intervention was necessary to break inflationary psychology.

Most of Frei's comments dealt with economic matters, but political overtones were obvious in his statement that solutions for Chile's "problem" were not to be found exclusively in the economic realm. He noted that political, social, and human factors weighed heavily in the resolution of current difficulties facing the country. In a direct allusion to Chile's unfavorable image abroad, Frei stated that a high price would have to be paid domestically if Chile failed to obtain badly needed foreign economic assistance.

In addition to the mudslinging response by General Leigh--whose attacks on politicians and government critics frequently border on slander--several other staunch junta supporters came to the government's defense in the press and in some cases accused Frei and his party of "cowardly and underhanded" opposition.

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Outside of Leigh and his supporters, however, other government figures seemed inclined to adopt a more moderate approach in dealing with the opposition. As long as criticism remains within certain constraints, such as the dialogue advocated by Frei, the government probably will accept a limited degree of challenge on some issues. If the economic or security situation begins to slip badly, the junta can be expected to revert to stringent measures to clamp down on all detractors.

The murder last week of an army officer, apparently at the hands of left-wing extremists, may give military leaders some pause and perhaps harden their reluctance to loosen up any further on the political front. The killing marks the first major incident of terrorism since the junta overthrew Allende, and if responsibility is attributed to the left, the government may tighten up restrictions and abandon any thought of moving toward a more tolerant policy in dealing with its opponents.

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Colombia: Using And Abusing Labor

Colombian President Lopez is apparently encouraging the creation of a new democratic labor confederation as part of his massive effort to achieve social peace without a state of siege. This can be expected to weaken the two existing democratic confederations whether or not a new group is actually established.

His first preference appears to be a merger of two existing confederations--the Union of Colombian Workers (UTC) and the Confederation of Colombian Workers (CTC). This seems impossible, however, since both are so factionalized that they are unable either to cooperate with each other or to work effectively with the Ministry of Labor.

In this situation, Lopez appears to be pushing for an entirely new organization built around the two largest subgroups of these confederations. The subgroups--located in Cundinamarca Department and headquartered in Bogota--have remained fairly aloof from the problems of their parent organizations. Indeed, they have continued their tradition of working well together and with the government. Other constituents of the UTC and CTC could be expected to rally to a new national grouping, which Lopez hopes would be sufficiently unified to participate equally with the government in planning and executing social reforms.

Whatever comes of all this, it seems inevitable that the strength of the UTC and CTC constituents, even though factionalized, will be diluted by the creation of a competing third national group. Major action is likely to follow the appointment of a new minister of labor, which is likely to occur in the next few weeks.

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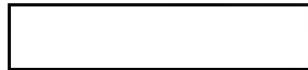
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Panama: Successful Mission to Cuba

A special Panamanian mission that visited Havana on June 5-6 secured Prime Minister Castro's pledge to support Panama's candidacy for a seat on the UN Security Council this fall. Castro also promised Cuba's "unconditional support" for Panama's aspiration to gain full sovereignty over the canal.

The Panamanians initially seemed to have little chance of making a successful bid for the Security Council seat because Argentina had already lined up votes from several Latin American countries. However, the foreign ministry now is optimistic that since an Argentine was elected secretary general of the OAS, Buenos Aires will cede the Security Council seat to Panama. Despite this optimism, there are no firm indications that the Argentines will give up the seat.

In the meantime, the Panamanians will probably continue their campaign to garner votes from countries that are not already committed to back Argentina.

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A New University in Cuba

Havana and Moscow will reportedly establish a university in Cuba for Latin American students once most Latin American governments have resumed diplomatic relations with Cuba. The Soviet Union would provide most of the financial support and part of the faculty, but Castro is certain to insist that Havana have the dominant voice in running the university.

The curriculum would likely entail conventional Soviet indoctrination in "agitation and propaganda," while emphasizing the preparation of students to organize workers, peasants, and youth at the grass roots level. Castro will take pains to assure other Latin American governments that he is not opening a school for guerrilla training.

Locating the university in Cuba would have several advantages from the perspective of Havana and Moscow. Students returning home would be less politically suspect than those now attending Patrice Lumumba University in Moscow, and the increasing sense of common interest with Cuba in some Latin American countries would reduce prospects that they would be stigmatized as Cuban agents. Latin students would doubtless be more attracted to--and be more at home in--Cuba than Moscow.

Establishing the university would be a clear signal that the Cuban and Soviet approaches toward Latin America are more compatible than ever before. [Redacted]

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Costa Rica: Figueres Schemes

Former Costa Rican president Jose Figueres continues to indicate that he is eager to resume the presidency he left in May 1974.

Figueres has reportedly been sending his representatives on visits to political groups ranging from the far left to the extreme right in an effort to solicit support for a coup against President Oduber. To date, he has found little backing from them, but many Costa Ricans believe that Figueres has rounded up other supporters and collected arms for a move to oust Oduber.

When Figueres showed up for a meeting with Panama's Torrijos last month in neatly tailored military fatigues with two oversized general's stars on the collars, rumors raged through San Jose that he had decided to solve the country's problems by removing Oduber from power. Last week [redacted] told a US

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Embassy official that the former president has information that about 20 "Castro Cubans" landed on Costa Rica's Caribbean coast. The invasion story is highly improbable, but Figueres may have had reasons for reporting it. He may have wanted to spread alarm that Cuban insurgents were intending to threaten the country and that he must return to power to thwart the menace.

Although a coup attempt by Figueres cannot be ruled out, it is more likely that he will fight to regain the presidency by conventional means. He is pushing hard for a constituent assembly to make radical changes in the constitution. He wants to strengthen the executive branch and abolish the constitutional provision that prohibits ex-presidents from running again. Figueres probably has enough influence to persuade the Congress that a constituent assembly is necessary.

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Oduber meanwhile is showing signs of yielding to Figueres' pressure. He reportedly said last week that he favors a constitutional change allowing presidential re-election. He added, however, that such a change should not be made merely to cater to certain individuals, an obvious reference to Figueres. Figueres is likely to argue that excluding one former president means excluding all, including the incumbent.

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Anguilla: The Mite That Harried The Lion, Act III

The United Kingdom has agreed to grant its Caribbean dependency of Anguilla (population 5400) a new constitution and a greater degree of local autonomy, thus ending--at least for a while--a comic-opera rebellion that has lasted seven years.

As a step toward eventual independence for its remaining colonies in the Caribbean, Britain granted a number of them internal self-rule in 1967. Previously administered as a single entity, the islands of St. Kitts, Nevis, and Anguilla became one of several states "in voluntary association with Great Britain." Long neglected by the colonial administration and experiencing even poorer treatment at the hands of the new government dominated by the more populous St. Kitts, Anguilla evicted 17 Kittitian policemen at gunpoint in May 1968 and, a few days later, formally declared its independence from the Associated State of St. Kitts-Nevis-Anguilla.

At first the Anguillans sought annexation by the United States; when that failed, they sought a reimposition of British protection. When the British proved unsympathetic, Anguilla unilaterally declared itself a republic in January 1969. Two months later Britain landed a force of marines, paratroopers, and London bobbies "to restore law and order" on the island, using the apparently spurious pretext that Anguilla was threatened by black radicals and/or the Mafia. One platoon of troops waded ashore to a welcome by 60 television and newspaper journalists, who promptly dubbed the unopposed landing "the Bay of Piglets."

For five years, on-again-off-again negotiations between the British, the government on St. Kitts, and Anguillan leader Ronald Webster made no progress. During this period, however, British administrative control

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and economic assistance brought substantial improvements in Anguilla's infrastructure, far above anything the St. Kitts government would or could have provided.

In late 1974 Webster threatened a new unilateral declaration of independence unless Britain granted Anguilla the permanent status of an internally self-governing colony. Webster's ploy brought Britain's promise of expanded home rule, but the legal tie with the associated state government will continue, even though it will probably have little meaning. British hopes that this solution would satisfy both parties died aborning when Premier Robert Bradshaw of St. Kitts promptly denounced it. The Anguillans, however, are apparently satisfied.

In recent months, a new factor has further complicated the matter. The US has held preliminary discussions with the United Kingdom on the possible use of Dog Island, an uninhabited cay near Anguilla, as a naval weapons range to replace the controversial Culebra Island installation near Puerto Rico. Both Anguilla and St. Kitts claim jurisdiction over Dog Island and expect exclusive representation in further negotiations and exclusive receipt of any rent payments that might follow.

In drafting Anguilla's new constitution, the British will most likely consult often and in depth with both island governments. If past experience is any guide, the process will be slow and deliberate, with Britain waiting for a moderation of passions and possibly even a change in the leadership of the Anguillan and St. Kitts governments. Less righteous posturing on the part of Anguilla and some economic and political concessions by St. Kitts might yet reunite the islands in a single associated state to the practical advantage of both.

In a less antagonistic atmosphere, Britain might use the promise of a continuing but modest economic and

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development program as an effective bargaining lever. In return for Anguilla's recognition of the authority of the associated state government, Britain might channel funds to St. Kitts, while retaining enough oversight authority to guarantee that the Anguillans received their fair, previously agreed upon share.

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ANNEX**Panama: The National Guard: A Look at the "People
in Arms"**

Since displacing the old civilian elite from government in 1968, the National Guard has been the dominant source of power in Panama. The American Trends offers a synopsis of a recent assessment of the political behavior of the Guard by US Embassy political officer Robert Homme.

Prior to seizing power on October 11, 1968, the National Guard was a semi-independent and generally compliant partner of the ruling civilian establishment. Principally concerned with maintaining its organizational and command integrity relatively free from political interference, the Guard was generally responsive to civilian authority, largely non-partisan, and more disposed to political restraint than the military in most other Latin American countries.

This tradition of military restraint was not so much the result of a greater commitment to constitutionalism as it was a reflection of Panama's unique political development. For the first 33 years of its independence, Panama's internal and external security was provided by the US under the terms of the 1903 treaty. When these missions were transferred to Panama in 1936, they were assumed by its small police force, which in 1953 was reorganized as the National Guard. The US military presence in the Canal Zone remained, however, and the Guard as a result retained essentially a police function.

The Guard was also confronted with an entrenched political establishment, which had ruled since independence through highly personalized political parties and dominated Panama's economic life. In exchange for its acquiescence in this closed-circuit system, the oligarchic

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regimes generally respected the Guard's institutional autonomy and tolerated a certain measure of graft. When the Guard did intervene, it was not to change the system, but to arbitrate disputes within it. On the only occasion prior to 1968 when a Guard commander ruled the country--Colonel Jose Remon, from 1951 to 1955--he organized a conventional political party rather than involve the Guard directly in government.

The Guard used its influence on behalf of President Robles in the 1964 election, and in the 1968 contest it attempted to prevent Arnulfo Arias--whom it had ousted in 1941 and 1951--from again reaching the presidency. Charismatic and demagogic, Arias represented, in the Guard's eyes, the one political leader with both the will and the ability to challenge the Guard's traditional independence and command integrity. Ten days after he took office and attempted to punish the Guard for its blatant opposition, it ousted him in a bloodless coup.

Although motivated by self-preservation rather than ideology, the 1968 coup radically changed the Guard's role and opened a new chapter in the history of Panama's political development. Having for the first time taken direct control of government from civilians, and sensitive to the need to rationalize its disregard for constitutional procedures, the Guard decided to picture the new administration as a "revolutionary" regime committed to creating a modern, progressive, and more just society and nation.

Strongly identifying with the middle class, from which most of its officers were drawn, the Guard shifted from being the principal supporter of the oligarchy to its chief adversary. Under the leadership of Brig. Gen. Omar Torrijos, the Guard now was to become "The People in Arms." Torrijos consulted with his senior subordinates on a wide range of policy issues. The General

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Staff, far more than the emerging new civilian bureaucracy, was the final arbiter of national programs and priorities. An abortive coup within the Guard in December 1969, however, convinced Torrijos that he had to consolidate his position by securing support outside the Guard. Advocating a moderately reformist program, Torrijos worked to forge a constituency of students, workers, and peasants, and he also reached a modus vivendi with the Communists. The election of a legislature, the adoption of a new constitution, and the indirect election of a new President and Vice President in 1972 gave the Torrijos government legal standing. The constitution elevated the Guard to a sort of "fourth branch" of government, and gave Torrijos for six years the dual role of Guard commander and chief of government.

The National Guard and civilian bureaucrats and advisers constitute the new elite that runs Panama under Torrijos. The civilian component has come increasingly to the fore as the government has had to cope with the complex problems of running and developing the nation. As this has occurred, the direct participation--but not the ultimate power--of the Guard in governmental affairs at the national level has diminished. The members of the General Staff, none of whom is particularly sophisticated, experienced, or professionally qualified to deal with complex socio-economic problems, have remained involved in national decision-making, but increasingly have had only a general input into most domestic programs. The Guard hierarchy has accepted this civilian ascendancy, but does not entirely trust the technocrats' motives and methods. Of most concern to some officers is the degree of the influence exercised by leftist officials and advisers and their own uncertainty over the General's long-range plans for social and economic reforms.

Faced with reconciling its concern for order with its desire for change, the Guard has adopted an approach designed to encourage progressive reform without severe

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economic dislocations or unnecessary social antagonisms. While it has accorded considerable emphasis to fostering social stability, the Guard has not neglected the preventive aspects of maintaining internal security. The Guard is still largely organized as a police establishment, and the individual Guardsman is a respected and feared law enforcement agent. Working closely with the community, attuned to its moods, and familiar with its personalities, the Guard officers have made violent crime less common than in many other Latin countries.

Complementing these police capabilities, and in many respects more important in terms of Torrijos' concept of internal security, is the Guard's extensive and increasingly professional intelligence apparatus. Responsible for all facets of intelligence and national security, the Guard's G-2 is directed by the competent Lt. Col. Manuel Noriega--probably the second most powerful man in Panama. Operating in an environment in which organized domestic political opposition is regarded as a threat to the Torrijos system, the G-2 has focused its surveillance and penetration efforts on the country's politically-conscious movements and organizations. Exiled former Guard officers and politicians, students, professional groups, the Communists, and probably members of the civilian government bureaucracy are subject to surveillance, wire-tapping, and on occasion, intimidation and reprisals.

Despite its pre-eminent role under Torrijos, the Guard has been reasonably frugal in handling its finances and has not indulged in a policy of rapid or inflated promotions. However, this self-denial has left its members exposed to the pinch of inflation and the inherent frustrations of a long-time-in-grade promotion system. To solve their economic problems, many senior officers use their positions for economic advantage. Although Panamanians are long accustomed to corruption, it does

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tarnish the Guard's revolutionary image and provides ammunition for the institution's opponents.

Even if Torrijos were to leave the scene, there is little likelihood of a drastic shift in the role of the Guard or major changes in the country's institutional structure and political direction. For the foreseeable future, the Guard has no intention of returning to the barracks and surrendering its broad political role. The senior officers take seriously their role as "The People in Arms," they fully share Torrijos' desire for social and economic improvements, and they are convinced that the pre-1968 oligarchy-dominated party system or any comparable variation cannot be responsive to Panama's needs.

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